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# THE DUTY OF THE REPUBLICAN ADMINISTRATION.

BY THE HON. JAMES H. ECKELS, COMPTROLLER OF THE CURRENCY.

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THE intimate relations existing in this country between business and politics have largely resulted from the changed conditions wrought by the war. The important legislation of the war period dealt with matters of tariff and currency; and in its character and aims tended to bring the action of the general government, as a determining factor of profit or loss, into each man's private undertakings. The tariff enactments directly affected the price of the manufactured product and of agricultural produce, while those upon the subject of banking, currency, and finance as markedly trenching upon matters which decided men in granting or withholding commercial credit. That presidential campaigns based upon questions of tariff and currency did not follow immediately upon the close of the war is not strange. These questions, of necessity, gave way to problems of governmental reconstruction of the Southern States, the rights to be accorded the freed slaves and the adjustment of the whole country to a new order of things. It thus came about that the campaign of 1868 was largely destitute of tariff and currency discussions, while that of 1872 was wholly given over to a contest upon lines designed to improve the civil service and raise the standard of official conduct. The nomination of Mr. Tilden, in 1876, was a victory for the advocates of a sound currency over the forces of fiatism in the Democratic party, and yet the contending parties fought out the contest almost entirely upon the issues of economy in public expenditures, the giving to the Southern States the right of local self-government, and the need of wholesome governmental reforms.

The promise of a distribution of office in accordance with the most radical "spoils" idea, and the introduction into each campaign of incitements to sectional animosities and war hatreds, gave to the people a kind of politics which, while indirectly affecting the interests of business, did not wholly unsettle them. The campaign of Mr. Tilden, if it failed to secure to him the office to which he was elected, was not without beneficial results to the people. It secured to the Southern States the right of local self-government, banished Federal troops from State legislative halls, eliminated appeals from the stump and through the press to feelings of sectionalism, and impressed upon the succeeding administration the need of retrenchment in national appropriations. It was not until the declaration in the Democratic platform of 1880 in favor of "a tariff for revenue only" that it was seen how deeply concerned, because of the war revenue legislation upon matters of taxation, were a large number of the business interests of the country in the conduct and outcome of a national election. Whether the tariff question was introduced for purposes of fright after the unexpected defeat in the State election in Maine in September of that year, or not, is immaterial. It did bring to public attention the fact that the effect of much of the past legislation had been to mix business and politics to such a degree that in future campaigns the condition of business must be seriously affected by the course of politics. In each succeeding presidential contest, with but a single exception, this has been made more patent. It was not manifest in 1884 only because the death of President Garfield, preceded by a long and bitter contest over the right of distribution of public patronage, coupled with the assaults upon the personal integrity of Mr. Blaine, introduced elements into the campaign which overshadowed all else. The campaigns of 1888 and 1892 were distinctively tariff ones. The manufacturer, the laborer, the agriculturist, and the consumer were all directly affected by the outcome of these campaigns, and compelled to readjust themselves to new conditions. The interest of all had been moulded in the largest measure by Congressional legislation; and, in consequence, the possibility of a change in the extent of legislative aid to be granted or withheld could not but cause business uncertainty, unwillingness to formulate new enterprises, and hesitancy about carrying out old ones.

Our tariff campaigns demonstrated the effect of the long and unnecessary continuance of unwise tax laws, until a point had been reached when it was unavoidable that the further maintenance of them should become a political issue and thereby cause a direct monetary loss to all the people. The currency campaign just ended bears with equal emphasis upon the same point, and from its inception to its close it has resulted in far greater business disaster. Just as the originating and the continuing of the protective enactments of the war found fruition in the political tariff agitations of 1888 and 1892, so did the passage of the Treasury currency act of 1861, with the kindred silver legislation of 1878 and 1890, culminate in the currency agitation we have so recently witnessed. The basic principle of the act of 1861 was governmental fiatism as applied to governmental currency issues, strengthened by attaching to them the legal-tender property. This was the principle also upon which the Bland-Allison act of 1878 rested, nor was it wanting in the Sherman silver act of 1890. It was manifestly the cornerstone of the doctrine of the free and unlimited coinage of silver at the ratio of 16 to 1, as its advocate has stated it in the past; and it must be his reliance in the future. The protective theory as applied to our tax laws, and the theory of fiatism as applied to our currency issues, have introduced into the citizens' private business the elements of legislative control to such an extent that injury instead of benefit has been the resultant effect. The business prosperity which is substantial and lasting excludes this factor of aid and control, just as a currency which is thoroughly sound must not depend upon legal sanction for any part of its value. As long as business prosperity is to be wrought or sought by law, the business world must be subject to the influence of the needs of party politics, the decrees of the political caucus, the demands of party leaders, and the whims of party law makers. Legislative control in the business world means, during each campaign, congressional and presidential, months of uncertainty, depression, and stagnation. It must entail hardship upon the laborer and loss upon the capitalist. Any temporary benefits which seem to flow from it are certain ultimately to be swallowed up in widespread disaster and ruin. It insures disturbance not in one or two but in innumerable interests which ought to be free to work out their own ends.

There could be no better time than the present for the busi-

ness interests of the country to be rid of the harm incident to presidential and congressional contests based upon suggested governmental interference in business matters. The verdict of the November election marks how strongly the voter stands in favor of the gold standard of value and how thoroughly he resents any attempt to debase the nation's currency and impair its credit. It is equally as emphatic in its declaration against the forces of society which make for disorder, discontent, and danger to American institutions. Because of this pronouncement—the decision of the citizenship of the country united in the desire to preserve the country's integrity, not of a party held together by the cohesive power of public patronage—there has come renewed hope and confidence to the business world. American credit is rehabilitated at home and abroad. On every hand money and the representatives of money are coming out of hoarding and seeking the active channels of commerce and trade. The capitalist is now willing to invest, not because a particular political organization has been successful at the polls, or a particular individual elected president, but because the electorate have decided the one issue in the campaign, *the money issue*, in accordance with principles of honesty, the facts of financial history, and the dictates of common sense.

These first evidences of improved conditions have been taken to mean an era of unexampled prosperity, but such a state will not necessarily follow. Only the first step, though it be a long one, in that direction has been taken. The others to follow, if less important, are nevertheless essential. The citizens who aided in defeating the proposition to have law-made money for the benefit of one citizen as against another must now join in preventing the law-making powers from attempting to create law-made wealth, and, in so doing, free the country of the source of both currency and tariff agitations.

If "the all-powerfulness of the law" is invoked in behalf of tariff agitation it will, with a show of justification, be sought as an aid to the agitation of the money question, and the fight for a dollar of value as against a dollar of fiat will have again to be waged, with attendant business derangement, want of employment for labor and curtailment of credit. If Congress will

now undertake only such tariff legislation as shall give an amount of revenue sufficient for the country's expenditures, remedying only patent defects in existing laws, and not attempt a general revision for protective purposes, there need be no realignment of contemplated business plans, nor any period of delay in the carrying out of those already matured. On the other hand, the following of a different course must throw the whole question back into the arena of politics to be debated, agitated and voted upon again. The country has passed through two complete tariff revisions within six years. It could hardly stand another, even were it in a thoroughly prosperous condition. It would be folly to undertake another now when it is so nearly exhausted.

The policy of placing the tariff laws of the country upon a true revenue basis would liberate the business man from governmental partnership and governmental control in his enterprises, and to this extent minimize the factors of uncertainty with which he must now deal. These factors can still further be reduced by the legislative branch of the government making such provision as will emphasize the voters' decision against any law-made money, whether it be of silver or of paper. The voter's act was not one of a merely negative character. He cannot wish to have it understood that he was simply voting against something. He at one and the same time both protested against false principles in monetary practice, and declared for that which is sound. His action can only be interpreted in the light of a demand for affirmative relief. This relief cannot be secured to him through legislative inaction. It is not enough that he is still to have the single gold standard of value, the right of private contract, and to be rid of the threatened danger of a debasement of the currency, whether brought about by attempted national or international bimetallism. He has had the gold standard for more than sixty years, enjoyed the right of private contract always and has never known in his country's history a single hour of practical bimetallism. The citizen ought now to have such laws enacted for him as will completely remove from him the danger of having his individual credit curtailed and his business ventures ruined by some act of his government in relation to the outstanding evidences of indebtedness which it has forced into circulation, which it never permanently

redeems, and cannot, under existing laws, cancel. The proper business of the government is not to issue instruments of credit and circulate the same as money. Its fiscal duties lie in the direction of collecting and disbursing revenues ; and whenever it undertakes to deal in evidences of debt, as a bank does, it inflicts loss upon the citizen, both in his capacity as a tax-payer and as a business man. Always at the time in the past when the business world has been threatened with trouble, the danger has been enhanced by the currency issues of the government. If, in normal times, the merchant or banker fails to notice their effect, that fact does not warrant their continuance, since it is evident that they are a cause of embarrassment in times of danger.

Here, then, is room for decisive affirmative relief. The payment, gradual retirement, and cancellation of the legal tenders and the authorizing of the banks, under governmental supervision, to issue the country's credit currency and redeem the same in gold, would be the crystallizing into a fact of the phrase "sound money." It is impossible entirely to rid the people of the notion that value can be created in silver and paper as long as those who protest against such a notion as absurd fail to do away with a currency which is so wholly dependant for support upon the promise of the law.

It is the fortune of the Republican party to have profited by the efforts of those, irrespective of past political affiliations, who, on November 3d, repudiated the doctrines of the fiatist, the Populist and the Socialist. If that party is sufficiently strong of purpose and courageous of action it will seize an opportunity such as is seldom vouchsafed to a political organization. It can entrench itself in power, evolve a thoroughly safe currency system, free the business world from unwise and unnecessary legislative interference and control, take the money and tariff questions out of politics, and hasten a long-continued period of prosperity which will come to all sections and to all citizens of the Republic. The victory gained was so little of a party victory that in matters of vital business legislation there can be no justification for a wish or a purpose to subserve party ends. The country certainly has a right to, and does, expect that everything shall be done that can be done to put an end to currency agitation and the growth of sentiments which tend to weaken the financial credit of the citizen and hinder him in his

daily business pursuits. The threatened renewal of the struggle for a debased coinage can only assume serious proportions through a failure to do the things which would assure the country's material advance. Heretofore the strength of the agitation for a cheapened monetary standard and a cheap currency has been derived from the concessions and compromises tendered to those urging on such agitation by those who disbelieved in the one and knew the evils of the other. To-day there is neither room nor justification for surrendering a single iota of the advantage gained. The issue was fairly made, fairly fought out, and the result was decisive. The responsibility has been placed, and if the campaign of 1900 is again a currency struggle, it will be because the managers of the Republican party either interpreted wrongly or executed weakly the purpose of those who entrusted them with power.

JAMES H. ECKELS.